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INFO ALL OECD CAPITALS 0027

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E.O.11652: GDS

TAGS: EGEN, CIEC, ENRG, EFIN, ETRD, EAID, OECD

SUBJECT:CIEC: CONTINUATION OF COMMISSION MEETINGS

1. SUMMARY: BY WEEK'S END ALL FOUR COMMISSIONS ARRIVED AT GENERAL UNDERSTANDING ON HOW WORK WOULD PROCEED. TEXTS FOR GENERAL WORK PROGRAMS WERE AGREED BY RAW MATERIALS, DEVELOPMENT AND FINANCE COMMISSIONS. ENERGY COMMISSION HAS AGREED ON GENERAL TOPICS FOR DISCUSSION AND IS PROCEEDING WITH METHODOLOGICAL APPROACH TO EACH.

2. DURING OPENING DAYS THE RATHER COMPLEX NEGOTIATING MACHINERY HAS BEEN IN SHAKE DOWN PHASE. FINANCE AND DEVELOPMENT COMMISSIONS REINED IN RESPECTIVE CO-CHAIRMEN WHO HAD BEEN ASSUMING HIGHLY ACTIVE ROLE IN SEEKING TO NEGOTIATE SUBSTANTIVE UNDERSTANDINGS BETWEEN THEMSELVES FOR PRESENTATION TO GROUPS. COMPLICATED PROCESS -- IN WHICH PLENARY SESSIONS WERE BROKEN BY G-19 AND G-8 CAUCUSES (LATTER FURTHER BROKEN FOR EC CAUCUSES) INTER-SPERSED WITH CO-CHAIRMEN MEETINGS -- WAS EVEN MORE INTRICATE IN THE DEVELOPMENT COMMISSION. THERE THE EC DESIRE TO SLOW THE PACE OF DISCUSSION TO ACCOMMODATE THEIR INTERNAL DECISION-MAKING NEEDS LED THEM TO ADVOCATE STALLING TACTICS SO BLATANT AS TO BE UNACCEPTABLE TO OTHER DCS.

3. PROBLEMS OF COORDINATION WERE ALSO SEEN AMONG LDCS, MANY OF WHOM IN BILATERAL DISCUSSIONS SEEMED NOT FULLY AWARE OF WHAT WAS HAPPENING IN OTHER COMMISSIONS. FURTHERMORE, IN SOME GROUPS (RAW MATERIALS, DEVELOPMENT CONTACT GROUP) THE LDCS TOOK POSITIONS AT SOME VARIANCE FROM EACH OTHER.

4. HOWEVER, DESPITE THESE SOMEWHAT TORTUOUS PROCESSES- WHICH OCCASIONALLY RESEMBLED RUGBY SCRUMS - THE WORK HAS IN FACT PROCEEDED QUITE RAPIDLY. THE LDC DESIRE TO MOVE QUICKLY INTO SUBSTANCE HAS MADE THEM HIGHLY FLEXIBLE REGARDING THE WORK PROGRAMS.

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5. AT THIS POINT, RAW MATERIALS AND FINANCE COMMISSIONS HAVE JUST BEGUN DISCUSSIONS ON OVERALL TRENDS AND CONDITIONS. ENERGY COMMISSION WILL CONTINUE WORK ON METHODOLOGICAL FRAMEWORK FOR FEW MORE DAYS. DEVELOPMENT COMMISSION WILL BE DISCUSSING TRADE AND BALANCE OF PAYMENTS ISSUES NEXT WEEK. TONE OF CONFERENCE CONTINUES TO BE UNEMOTIONAL AS WE ARE ABOUT TO MOVE PAST OPENING PHASE. END SUMMARY.

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ENERGY COMMISSION

6. THURSDAY AND FRIDAY SESSIONS WERE DEVOTED TO FURTHER CONSIDERATION OF HOW COMMISSIONS SHOULD APPROACH WORK PROGRAMS. GROUP ADOPTED (REFTEL) CONCEPT OF FOUR BROAD HEADINGS, THE EXACT LANGUAGE AND ORDER OF WHICH ARE STILL TO BE AGREED. IN VIEW OF CONTINUED UNWILLINGNESS OF DC REPS (DESPITE G-19 URGING) TO COMMENT ON DETAILED G-19 LIST PRESENTED AT 26 JANUARY CO-CHAIRMEN'S MEETING, GROUP DECIDED TO PROCEED TO DISCUSSION OF METHODOLOGY FOR WORK UNDER EACH HEADING. COMMISSION THEN REVIEWED EC PAPER FOR FIRST WORK-HEADING (GENERAL ANALYSIS OF PRESENT SITUATION IN ENERGY FIELD). EC PAPER SETS FORTH METHOD FOR ANALYZING ENERGY SUPPLY AND DEMAND SITUATION RECOMMENDING, INTER ALIA, THAT PREDICTIONS WOULD HAVE TO BE DONE ON BASIS OF CERTAIN ASSUMPTIONS REGARDING WORLD ECONOMIC GROWTH. THUS, COMMISSION WOULD NEED TO HAVE AVAILABLE RANGE OF GROWTH ESTIMATES. COMMISSION ALSO REVIEWED BRIEF SWISS PAPER DESIGNED TO POINT UP NEED TO IDENTIFY COMMON INTERESTS, OBJECTIVES, AND PROBLEMS AS OVERALL FRAMEWORK FOR COMMISSION'S WORK.

7. NO EXCEPTION WAS TAKEN BY G-19 TO SWISS PAPER, WHICH WAS GENERAL AND UNFOCUSED. G-19 COMMENTS ON EC PAPER WERE DETAILED AND GENERALLY POSITIVE, BUT OPEC COUNTRY REPS REGISTERED STRONG OBJECTION TO RECOMMENDATION THAT COMMISSION NEEDED TO FOCUS ON RELATIONSHIP BETWEEN ENERGY AND ECONOMIC GROWTH, CONTENDING THAT GROWTH IS RESPONSIBILITY OF DEVELOPMENT COMMISSION. OPEC REPS SAID WORK OF ENERGY COMMISSION WOULD BE DELAYED CONSIDERABLY IF IT ATTEMPTED TO UNDERTAKE SUCH ANALYSIS. (LEFT UNSTATED WAS OBVIOUS OPEC CONCERN THAT DISCUSSION OF GROWTH PREDICTIONS WOULD QUICKLY INVOLVE ENERGY PRICE QUESTION, IN CONTEXT LEAST FAVORABLE TO OPEC.)

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8. ON SPECIFIC UNDERSTANDING THAT EVENTUAL SEQUENCE OF TREATMENT OF HEADINGS WAS STILL TO BE RESOLVED, SAUDI ARABIA (TAHER) MADE BRIEF PRESENTATION OF G-19 VIEWS ON SUPPLY, ARGUING THAT G-19 LIST (ITEMS 1.5 AND 1.8) ALREADY PROVIDE A METHODOLOGICAL FRAMEWORK. IRAN DID SAME FOR PRICE HEADING, DISCUSSING ITEMS 1.2 AND 1.4 IN G-19 LIST. U.S. SAID IT WAS PREPARED TO PRESENT ITS VIEWS ON METHODOLOGY FOR COOPERATION HEADING AT NEXT MEETING, BUT G-19 STRONGLY RESISTED THIS SEQUENCE. GROUP FINALLY AGREED THAT NEXT PRESENTATION WOULD BE DC PAPERS ON PRICE, SUPPLY, AND THEN COOPERATION. G-19 ALSO AGREED TO TABLE PAPER AT NEXT MEETING ON METHODOLOGICAL APPROACH TO OVERALL ANALYSIS. AT G-8 CAUCUS AFTER FRIDAY SESSION, DC REPS AGREED TO FOLLOWING DIVISION OF LABOR ON REMAINING METHODOLOGY PAPERS: US - COOPERATION; CANADA - PRICE; JAPAN - SUPPLY.

DEVELOPMENT COMMISSION

9. OVER COURSE OF MEETINGS DURING LATTER HALF OF WEEK, G-8 AND G-19 MEMBERS OF DEVELOPMENT COMMISSION ARRIVED AT AN AGENDA AND SCHEDULE OF WORK FOR THE FIRST FOUR COMMISSION MEETINGS AS FOLLOWS:

FEBRUARY TRADE AND BALANCE OF PAYMENTS;

MARCH FOOD AND AGRICULTURE, AND INFRASTRUCTURE;

APRIL TRANSFER OF RESOURCES AND INDUSTRIALIZATION/
TRANSFER OF TECHNOLOGY;

JUNE FOREIGN INVESTMENT/ TNE'S AND LESS ADVANTAGED COUNTRIES (LLDCS, MSAS. ISLAND AND LANDLOCKED LDCS).

THE MAIN ISSUE NEGOTIATED, AS INDICATED FIRST DAY, WAS WHETHER OR NOT TO SCHEDULE SECOND READING ON AGENDA TOPICS DURING FIRST HALF OF YEAR, ESPECIALLY IN TRADE AREA. GENERAL AGREEMENT WAS REACHED ON A CONCEPT OF AGENDA DISCIPLINE WHEREBY THE COMMISSION WILL LIMIT ITSELF TO DISCUSSING THE TOPICS LISTED ON THE WORK PROGRAM FOR ANY GIVEN SESSION.

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IT WAS AGREED THAT SCHEDULING OF TOPICS COULD BE CHANGED
BY CONSENSUS DECISION ONLY. SAME RULE WILL APPLY TO ANY
PROPOSAL TO CARRY OVER DISCUSSION ON ANY SPECIFIC POINTS
UNDER TOPICS SCHEDULED. FIRST ROUND DISCUSSION OF TOPICS
IS EXPECTED TO BE KEPT IN GENERAL TERMS.

10. IN G-8 CAUCUS, ALL FIVE COMMISSION MEMBERS AGREED TO ACCEPT G-19 DEMAND TO DISCUSS TRADE FIRST UNDER CONDITION THAT ALL FIVE ALSO AGREE NOT TO ACCEPT A SECOND READING ON ANY TRADE ITEMS UNDER ANY CIRCUMSTANCES BEFORE UNCTAD IV. IN RETURN FOR THIS ARRANGEMENT, US AGREED TO SLIP TRANSFER OF RESOURCES ITEM TO APRIL SESSION. US INITIATIVES IN THIS AREA CAN BE RAISED IN FEBRUARY AND MARCH UNDER BALANCE OF PAYMENTS AND FOOD AND AGRICULTURE.

11. THE COMMUNITY'S INABILITY TO CONCERT A COMMON POSITION ON ALMOST ANY ISSUE WITHOUT CAUCUSSING AND ITS SOMEWHAT UNDERSTANDABLE LACK OF PREPAREDNESS TO TACKLE ANY QUESTION OF SUBSTANCE GREATLY INFLUENCED BOTH THE

PACE AND OUTCOME OF THE NEGOTIATION OF AGENDA ISSUES. NEGOTIATION OF THE AGENDA AND WORK SCHEDULE TOOK PLACE IN A CONTACT GROUP COMPOSED OF TWO CO-CHAIRMEN, NIGERIA, INDIA, JAMAICA, ZAIRE, ARGENTINA, AND G-5 DELEGATES. THE CONTACT GROUP PROCEDURE WAS ADOPTED AFTER TWO CO-CHAIRMEN FAILED TO OBTAIN SUPPORT OF THEIR RESPECTIVE GROUPS TO WELLENSTEIN (EC CO-CHAIRMAN) PROPOSAL THAT HE AND AIT-CHALLAL NEGOTIATE WORK SCHEDULE THEMSELVES. EC DELEGATES AGREED ONLY GRUDGINGLY TO FORMATION OF WORK GROUP WITHOUT PREJUDICE TO FUTURE PROCEDURAL ARRANGEMENTS.

12. COMMISSION MET IN PLENARY SATURDAY MORNING TO BLESS WORK SCHEDULE. SUBTOPICS UNDER TRADE AND B/P ARE TO BE COMPILED THROUGH MELDING OF PROPOSALS TABLED BY G-19, US, CANADA AND EC. ORDER IN WHICH THEY ARE TO BE TAKEN
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UP IS STILL TO BE DETERMINED. IN ORDER TO ALLOW DELEGATES (NOTABLY EC) ADEQUATE TIME TO PREPARE FOR DISCUSSION OF TRADE, COMMISSION ADJOURNED UNTIL MONDAY AFTERNOON.

FINANCE COMMISSION (FC)

13. AFTER EXTENDED WORK BY CO-CHAIRMEN DONDELINGER AND YEGANEH DURING FEBRUARY 12 (FC DID NOT MEET ON FEBRUARY 12) AND TWO G-8 CAUCUSSES ON FEBRUARY 12 AND 13, FC ACCEPTED AT FEBRUARY 13 MEETING A "CO-CHAIRMEN'S PROPOSAL" FOR WORK PROGRAMS OF FC. THIS PROPOSAL IS MEANT TO SERVE AS "AN ORIENTATION FOR THE CO-CHAIRMEN IN DRAFTING AGENDAS OF THE FUTURE MEETINGS" AND IS IN NO WAY MEANT TO BE EITHER AN ALL INCLUSIVE LIST OF ITEMS TO BE DISCUSSED, OR A FORMAL AGENDA FOR DISCUS-

SION.

14. FC AGREED TO BEGIN ITS WORK PROGRAM WITH A "SURVEY OF THE WORLD ECONOMIC AND FINANCIAL SITUATION", SUB-DIVIDED INTO AN ANALYSIS OF THE ECONOMIC SITUATION (GROWTH, INFLATION, TRADE) AND THE FINANCIAL SITUATION (CURRENT BALANCES, CAPITAL FLOWS). ALTHOUGH SOME COUNTRIES INDICATED THEY WILL AT LEAST INITIALLY NOT BE ABLE TO GO BEYOND AN ANALYSIS FOCUSSED ON 1976 DURING THE CURRENT SESSION, IT IS UNDERSTOOD THAT COUNTRIES CAN BRING UP THEIR LONGER TERM ASSESSMENTS AS WELL. US INDICATED WE PREFERRED TO PRESENT ANALYSIS OF 1976 SITUATION AT CURRENT MEETINGS AND MIDDLE TERM OUTLOOK IN MARCH. DOCUMENTATION FROM INTERNATIONAL ORGANIZATIONS CAN BE USED BY COUNTRIES AS THEY CHOOSE AS REFERENCE MATERIAL. DISCUSSION OF SURVEY WILL BEGIN IN PLENARY AT FEBRUARY 14 MEETING OF FC, WITH THE INTENTION OF CONCLUDING WORLD ECONOMIC SURVEY AT MARCH FC SESSIONS. US DEL POINTED OUT THAT THIS DID NOT PRECLUDE THE TAKING UP OF OTHER POINTS AS THEY EMERGE FROM THE SURVEY AT AN EARLY STAGE OR THE POSSIBILITY OF EXTENDED DISCUSSIONS OF THE ECONOMIC SITUATION BEYOND MARCH.

15. CO-CHAIRMEN'S PROPOSAL, AS ACCEPTED BY FC, ALSO OUTLINED ITS FURTHER WORK PROGRAM. THE LIST IS NOT CONFIDENTIAL

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MEANT TO IMPLY ANY GIVEN PRIORITIES AND CAN BE REVIEWED PERIODICALLY. TEXT OF LIST FOLLOWS:

(A) OFFICIAL DEVELOPMENT ASSISTANCE AND FINANCIAL CO-OPERATION (INCLUDING THE SPECIFIC PROBLEMS OF THE

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LEAST-DEVELOPED COUNTRIES); (1)

(B) BALANCE OF PAYMENTS PROBLEMS OF DEVELOPING COUNTRIES AND THEIR FINANCING;

(C) PRIVATE CAPITAL FLOWS TOWARDS AND INVESTMENTS IN DEVELOPING COUNTRIES;

(D) FINANCIAL ASPECTS OF INDEBTEDNESS OF THE DEVELOPING COUNTRIES, ESPECIALLY THE MOST SERIOUSLY AFFECTED.

(E) PROBLEMS OF THE SURPLUS ASSETS OF OIL-EXPORTING COUNTRIES, INCLUDING THE TERMS AND CONDITIONS OF INVESTMENTS OF THEIR ASSETS;

(F) CO-OPERATION AMONG DEVELOPING COUNTRIES;

(G) MONETARY ASPECTS OF FINANCIAL ISSUES OF IMPORTANCE TO MEMBER COUNTRIES, WHILE RESPECTING THE JURISDICTIONS OF INTERNATIONAL INSTITUTIONS (IMF - IBRD) (2)

(H) OTHER MATTERS, INCLUDING THE ITEMS REFERRED TO THIS COMMISSION BY THE OTHER COMMISSIONS.

FOOTNOTE (1) MATTERS TO BE DISCUSSED INITIALLY IN THE DEVELOPMENT COMMISSION. IT IS HOWEVER, UNDERSTOOD THAT, WHEN DISCUSSING OTHER ITEMS, MEMBERS WOULD NOT BE PRECLUDED FROM TOUCHING ON CERTAIN ASPECTS OF THE MATTERS TO BE DISCUSSED INITIALLY IN THE DEVELOPMENT COMMISSION.

FOOTNOTE (2) SEE "FINAL DECLARATION OF THE PREPARATORY MEETING OF 16TH OCTOBER, 1975 - POINT 10.D.". END TEXT.

L6. (NOTE: TWO OF THE ABOVE POINTS GAVE RISE TO SPECIAL DISCUSSION. WASHINGTON WILL NOTE THAT ITEM (G) REPEATS THE WORDING OF THE AGREEMENT REACHED IN THE PREPARATORY CONFERENCES AND THE MINISTERIAL ON MONETARY CONFIDENTIAL

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ISSUES. IN THE FC THE US DELEGATE POINTED OUT THE IMPORTANCE THAT THE US ATTACHES TO A STRICT INTERPRETATION OF THE MINISTERIAL DECISION THAT ANY DISCUSSION OF MONETARY ASPECTS OF FINANCIAL ISSUES MUST RESPECT THE JURISDICTIONS OF INTERNATIONAL INSTITUTIONS. ITEM (D) WAS DISCUSSED IN G-8 CAUCUS, DURING WHICH EC DEL WAS ADAMANT THAT FC SHOULD MAKE NO PRESUMPTION THAT DISCUSSION BEGIN IN DEVELOPMENT COMMISSION. POINT WAS RESOLVED BY ADDING WORD "FINANCIAL" AT BEGINNING OF PHRASE IN ITEM (D). END NOTE).

17. WHILE NO ONE WAS COMPLETELY SATISFIED WITH CO-CHAIRMEN'S PROPOSAL THE SPIRIT OF CONSENSUS AND COMPROMISE AMONG DELS ALLOWED GENERAL ACCEPTANCE OF DOCUMENT BY FC, ON THE GENERAL UNDERSTANDING THAT, WITHIN CONFINES OF MINISTERIAL COMMUNIQUE, NO SUBJECT COULD BE EXCLUDED FROM THE DISCUSSION OF A COMMISSION IF RELE-

VANT TO DIALOGUE. AFTER SOME DISSATISFACTION WITHIN
G-8 WITH CO-CHAIRMAN DONDELINGER'S SOMEWHAT FREE
WHEELING EFFORTS TO ACHIEVE A CONSENSUS PROPOSAL WITH
CO-CHAIRMAN YEGANEH ON FEBRUARY 12, DONDELINGER
APPEARED TO ACCOMMODATE HIMSELF TO BETTER DISCIPLINE
TO WISHES OF G-8.

L8. FC AGREED TO MEET ON FEBRUARY 14 TO BEGIN WORLD
ECONOMIC SURVEY. FC ALSO AGREED TO GIVE AD HOC OBSERVER
STATUS TO THE JOINT DEVELOPMENT COMMITTEE OF IBRD/IMF.

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RAW MATERIALS COMMISSION

19. SECOND SESSION OF CORM, WITH PERUVIAN DE LA PUENTE
IN CHAIR, AGREED ON FOLLOWING 7 ELEMENT PROGRAM OF WORK:

1. TRENDS AND CONDITIONS OF SUPPLY AND DEMAND
OF RAW MATERIALS INCLUDING FOODSTUFFS.
2. PROBLEMS OF COMMODITY MARKETS AND TRADE
EXPANSION, AND MEANS OF SOLVING THEM.
3. PROBLEMS RELATING TO EXPORT EARNINGS,
ESPECIALLY OF DEVELOPING COUNTRIES.
4. INTERNATIONAL CO-OPERATION, ESPECIALLY
PRODUCTION, INVESTMENT, TECHNOLOGY.
5. SPECIAL PROBLEMS OF DEVELOPING IMPORTING
COUNTRIES, AND MEASURES TO ALLEVIATE THEM.
6. PRODUCER AND CONSUMER CO-OPERATION.
7. OTHERS.

20. INFORMAL CONSULTATIONS MORNING OF FEBRUARY 12 AMONG
U.S.' EC, AND JAPAN RESULTED IN COMMON LIST OF DIS-
CUSSION TOPICS WHICH JAPANESE CO-CHAIRMAN MIYAZAKI SOLD
TO AUSTRALIA, SPAIN, AND' WITHOUT TROUBLE, TO LDC SPOKES-
MAN DE LA PUENTE. PLAN TO ISSUE LIST AS CO-CHAIRMEN'S
JOINT SUGGESTION WAS THWARTED, HOWEVER, BY DESIRE OF
INDIVIDUAL LDC'S TO MAKE MINOR AMENDMENTS AND DISAGREE-
MENT OVER ITEM 2, WHERE SOME DELS (MEXICO, ZAMBIA)

WANTED CLEAR REFERENCE TO PROBLEMS OF MARKET STRUCTURES
AND ARGENTINA WISHED TO INSERT QUESTION OF INDEXATION.
END RESULT OF FREQUENTLY CONFUSED DEBATE WAS VERY CLOSE
TO ORIGINAL G-5 LIST, WITH PRESENT ITEM 2 OWED, SUR-
PRISINGLY, TO VENEZUELA. EC PARTICIPATION IN BOTH
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INFORMAL CONSULTATIONS AND PLENARY WAS CUMBERSOME. IN
PLENARY SESSION EC SPOKESMAN (LOEFF) HAD TO OFFER EXCUSES
AND ASK FOR RECESS OF MEETING TO ALLOW APPROXIMATELY 20
MEMBERS OF EC DEL TO HUDDLE IN ONE CORNER ON RELATIVELY
MINOR AMENDMENTS TO WORK PROGRAM.

21. FEBRUARY 13 MEETING WAS DEVOTED TO PRELIMINARY
EXPLORATION OF FIRST ITEM OF WORK PROGRAM, WITH CHAIRMAN
MIYAZAKI INVITING OBSERVERS TO MAKE GENERAL STATEMENTS.
OECD AND FAO AGREED TO PREPARE PRESENTATIONS FOR FEBRU-
ARY 16, BUT UNCTAD OBSERVER (CHIDZERO) MADE LENGTHY'
RATHER TENDENTIOUS STATEMENT COMPLAINING OF EXCESSIVE
PRICE FLUCTUATIONS, LONG-TERM DOWNWARD TRENDS IN COMMODITY PRICES
AND LDC TERMS OF TRADE, AND LIMITED LDC PROFIT FROM
COMMODITY BOOMS. HE ALSO NOTED IN PASSING PROBLEM OF
BOOM/BUST INVESTMENT CYCLES IN COMMODITY PRODUCTION,
DESIRABILITY OF TRADE LIBERALIZATION, AND CONCERN OVER
ASSURANCE OF SUPPLIES. MEXICO, APPARENTLY SPEAKING FOR
G-19, ENDORSED UNCTAD STATEMENT AND PROPOSED MOVING TO
DISCUSSION OF ITEMS ON G-19 LIST WHICH HE CONSIDERED
BELONGED UNDER THIS ITEM OF WORK PROGRAM; GROUP
AGREED, HOWEVER, TO POSTPONE FURTHER DISCUSSION UNTIL
MONDAY AFTERNOON AFTER OTHER OBSERVERS' PRESENTATIONS.
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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NATURAL RESOURCES, MEETING AGENDA, DEVELOPMENT PROGRAMS, ECONOMIC INTEGRATION
Control Number: n/a
Copy: SINGLE
Draft Date: 14 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
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